

Transformational Insights

***Seeking the Entrepreneurial IT Leader,
The Need for IT Entrepreneurs in a Dynamic
Economy***

By David R. Soley

Insight Perspective and Discovery

Insight begins by asking why and learning why not...Insight starts with discovery and ends with opportunity, new markets and organizational perspective...

Transformational Insights is a collection of business writings focusing on managerial approaches for improving Business and Corporate Strategy performance. Through these perspectives, management is introduced to new insights and discoveries applicable to their business.

Discovery begins with unforeseen events or when new knowledge about the market environment surfaces and is applied to existing customer needs or requirements. Generating insights assists management in developing solutions for addressing business problems, uncovering new ideas leading to market innovation, or providing different perspectives about looking at business and markets.

Transformational Insights are business perspectives designed to stimulate new conceptual thinking, leading to new corporate and market outlooks.

As the business contends with strategic transitioning and market shifts, developing new insights and perspectives will become more important to management.

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Seeking the IT Entrepreneurial Leader, The Need for IT Entrepreneurs in a Dynamic Economy

By David R Soley

With advancing core capabilities and increased availability of resources, talent, and knowledge there has never been a more favorable time to take advantage of the economic forces of change and advancing current market position. At the same time, leading organizations have evolved their supply chain models to include cluster management or second generation supply chains, where the supply chain is integrated with the product development – service creation process, enabling more rapid product – service development and rollouts. Simultaneously while using alert infrastructure, emphasis has shifted to resource identification and integration as these activities become critical success factors for value creation through new product – services. These resources and activities are growth’s cornerstones. They are means for achieving new market development and continued expansion. They represent examples of foundational structured development for starting and sustaining innovation, discovery, and cross functional collaboration, efforts leading to IT Entrepreneurialism.

Entrepreneurialism is also being driven by another macro - economic event. Chinese and Indian economies are continuing to advance and create new market potential and structural issues for most industries. Both countries have made announcements over the last several years of forming partnerships, creating additional market imbalances while heightening the core capabilities of both nations. Their high knowledge low cost economies are increasing the velocity of business and market development. These events will require management to rethink their market development approach and product development efforts. In today’s marketplace only focusing on corporate strategy while putting little emphasis on business strategy is putting the business at risk.

*Changing market interactions and emerging opportunities requires IT to rethink their corporate mission and determine how they impact new value creation, business strategy definition, market development, and revenue growth. In addition effort is needed in determining the kind of human resources and business models necessary for achieving corporate entrepreneurialism. From a human resource perspective, IT needs to consider developing entrepreneurial / innovation oriented leaders. These people offer unique insight, capability, and experience, an uncommon value to the business. Another motivation for IT entrepreneurialism is corporate leadership in a concerning economy is looking for new methods for starting and sustaining revenue growth. The white paper **Seeking the IT Entrepreneurial Leader, The Need for IT Entrepreneurs in a Dynamic Economy** introduces an approach for identifying IT professionals and utilizing new practices for achieving successful entrepreneurial outcomes.*

*In the current Transformational Insights **Seeking the IT Entrepreneurial Leader, The Need for IT Entrepreneurs in a Dynamic Economy** a much needed value creation approach is introduced to IT and corporate leadership. In the last 35 years varieties of new innovations have been introduced to IT and core business. The most significant were the introductions of Micro-computers, Wide Area Networks, Enterprise Software Systems, Wireless Technology, and the Internet. Each market movement had positive and profound impact on business and the economy. In each case, IT successfully initiated market innovation. IT now is in the position to start another great market event while more importantly restarting our economy. Leveraging market insight, technology and knowledge IT is in position to introduce a more comprehensive level of entrepreneurialism and innovation. The benefits of such a movement are substantial. IT is again situated to influence the business and our economy.*

It is a New Time with New Signals

Business has entered a new era with abundant resources, alert infrastructure, and core capabilities to influence corporate and market value creation. These resources combine with customer insight; provide the means to develop new corporate and market architectures leading to new products – services and customer pathways and relationships.

Having the capability to influence or create new opportunities for a business and its customers is something unique, contrasting with the original essence of business, when products and services were originally produced to solve customer problems. (Technology oriented organizations being the exception to this rule) In the current reality, having market insight management with their assembly of resources (knowledge, data, technology, process) is positioned to create opportunity leading to entrepreneurial and innovation discovery. With more resources available to the business, management is positioned to develop new or to enhance existing business models, delivery processes, and products for their customers. More importantly, utilizing value chain practices and technology enhancements, management arranges the core business to become more connected to their eco-system and market-place needs.

This current situation is an important signal to IT. It is their window of opportunity. Given their understanding of technology, the core business, software – product development, and process IT becomes the center-point for achieving innovation and entrepreneurialism. The final motivation is the economy has become more challenging. The CEO is looking for new revenue growth centers and IT has abundance of resources available to address current and future top line oriented initiatives.



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Launching IT Entrepreneurialism, Case Study

IT entrepreneurialism starts from any number of functional areas within the core business where there is opportunity to impact customer, product – service value, or critical value activities influencing customer value. An example of IT entrepreneurialism was with a client which was in the financial services industry. The CEO and President of the company were interested in developing a new value chain and identifying and developing new services, markets, and revenue streams for the core business. The client was in a highly competitive market. Their product markets were mortgage banking, consumer financing, and insurance, and financial investment services.

Working with management, marketing, operations, and IT the project began with developing an understanding of corporate and market strategies and determining issues impacting current strategy initiatives. Additional activities included reviewing current business processes relevant to market development and identifying and modeling new opportunities.

Teaming with Marketing and Operations, initial project efforts were directed at understanding the core business and its customers. Consulting activities then shifted to conducting primary market research followed by secondary research. Working with the sales management organization and staff:

- Current marketing and business development practices were reviewed identifying opportunities
- Current customer segments and market differentiators were identified with a particular focus directed at examining customer - product application forms and surveys identifying significant data-points.

Analyses revealed significant percentage of customers belonged to a trade union, and or attended vocation schools. Market information was presented to the President and Vice President of Marketing. Product concepts and new business models were discussed with a new program called “Introduction to Consumer Finance” being introduced to new customer segments. Program focus was introducing consumer-financing practices to consumers as a means to drive new market development and brand awareness. Program was directed at vocational schools, trade unions, and a secondary market. Consulting project activities shifted to:

- Contacting institutions presenting Introduction to Consumer Finance program to gauge interest level
- Setting up meetings, visiting vocational schools and trade union organizations to introduce program, and introducing program guidelines and format. Identified vocational school and trade union organizations wanting to participate in program
- Research mortgage banking industry identifying industry trends, emerging technologies, and current market development practices



Image credit: Eboy

Following this project phase a decision was made to contact homebuilders and introduce a modified financial services program to builders, regarding mortgage banking services to their customers. Homebuilders were contacted and visits were made to present the program with builders interested in the program. The value proposition to the builder included business development services where consumer traffic from trade unions and vocational schools could be directed to home construction office sites.

Defining the Financial Services Value Chain Model

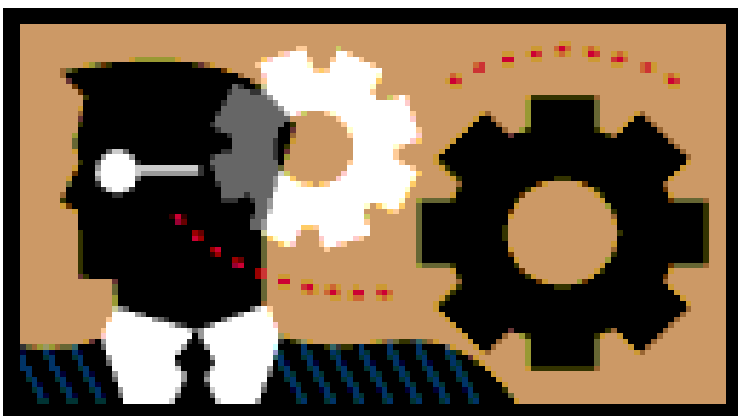
Taking customer feedback from market research and sales calls, effort was directed at defining a comprehensive value chain model. Design activities included:

- Defining Tri-Angler Market Relationship model linking financial services company to regional vocation schools, trade unions, and local builder and options for additional Tri-Angler Market Relationship models across the value chain.
- Identifying and defining new services
- Identifying data aggregation opportunities and their new services
- Diagramming data flows between financial service company and vocation schools, trade unions, and local builder and supporting data dictionary
- Defining CRM process
- Identifying supply chain partners for consumers to acquire products and or services for new homes. (A high level third party supply chain services model was defined to manage order fulfillment.)
- Modeling relationships and business collaboration opportunities among the different organizations and financial services company

The Value Chain model linked financial service organization to vocational/trade schools, home builders, and supply chain organizations.

Working together, new markets and business development processes for the financial services company were identified. The financial services company extended their market reach to new customers. The financial services company also defined more specific services to education and trade union markets while providing services to the homebuilder customers. Outcome resulted in identifying new services and new revenue streams for the financial service organization. In effect the Financial Services Value Chain and Tri-Angler Market Relationship model became market development tools for the client and means to track industry dynamics. Model assisted in significantly increasing market cap nearly two-fold and CEO in selling business unit.

Understanding and Finding the Entrepreneur Mindset



Successful entrepreneurialism is the outcome of effective innovation. From the human element perspective accomplishing such achievements require unique people or entrepreneurs. Who are these people? They are people who are:

- Very perceptive and have the capability to view business and its various events and activities from global and

strategic perspectives, spotting incongruity, seeing what the vast majority of people often miss

- Very opportunity oriented and out of the box thinkers, passionately seeking to initiate change and looking for change opportunities in either dynamic or mature business environments
- Skilled in integrated non-linear thinking and lateral analysis and utilize heuristic and spatial reasoning for configuring new business models, and have the knack for always coming up with something new
- Energizing the business however are royal pains to particular management styles, and
- Very passionate about their pursuits

An entrepreneur is someone who is skilled at uncovering, developing, and managing unique resources, abstractions, and methods for creating new business and market value. In the new economy these people are invaluable to the business because they have a skill that is not easily transferable.

Given this emerging dynamic, how should IT position their organizations for looking for entrepreneurs and starting the entrepreneurial process? First IT needs to consider the following:

- Do these uncommon managers already exist within IT or the core business
- Who would be a good internal partner / partners for this initiative
- What kinds of resources are needed and available for entrepreneurial initiatives
- What kinds of processes / current core capabilities are going to be needed to drive new market growth
- With the memories of the last twelve years still in people's minds, some business professionals are now seeking projects as new career opportunities and are going to be more discerning in the kinds of projects they choose for future engagements,
- Business professionals will examine how the organization and supporting culture will enable them to grow as the business grows.

Therefore IT needs to be cognizant of these facts, as they develop a project plan. These efforts include deciding on new resource acquisition plans, partnering models, management expectations for material and human resources, understanding customer and market requirements, and positioning corporate strategies. Regarding human capital resources, one of the critical success criteria for attracting new candidates / partners is communicating the company's significance in the marketplace. The second is showing how the entrepreneur impacts other critical value activities across the value chain. The approach and message should be tailored to the mindset of the particular market and functional objective and expectations, entrepreneurial professional, and their role.

IT management also needs to understand entrepreneurial instincts should not just be directed at product development. It is also a business philosophy needing application at all critical value activities supporting customers and value chain.

Building the Entrepreneurial Organization and Position

More organizations are embracing innovation and entrepreneurialism. Therefore, IT needs to consider the degree of effort required to drive sustainable innovation / entrepreneurialism.

When you examine this kind of business role and its impact to create new market value, there is a need to establish a functional organization or department within the core business. Given this, IT should approach management with the suggestion of creating the Market Development Organization or Business Innovation Office and creating the position of Market Architecture Director or Market Innovation Director and other associated positions. The Market Development Organization/ Business Innovation Office would be aligned to IT, Corporate Development, or Marketing. They would work with managers across the core business. The Market Development Organization/ Business Innovation Office focus would include:

- Becoming more familiar with business and corporate strategies, customers, and suppliers and their patterns and changes
- Defining and understanding current value chains
- Utilizing alert infrastructure identifying and analyzing the variety of in external and internal resources and configuring resources into new products – services or business models
- Finding relationships between new products – services and existing products – services or other business models
- Defining and developing new value chains for new products – services
- Positioning new products – services across the value chain
- Defining new processes to support new products – services
- Finding new customers and defining new markets

This person would focus on identifying and creating new opportunities in the existing markets and across the extended supply chain. The manager would also work with internal and external resources leveraging organizational processes to create new market value.

Additionally, the Market Development Organization/Business Innovation Office examines significant internal and external subject matter, activities, and events identifying new points of integration. The justifications for transforming the current recruiting model and thinking in terms of functional categories such as entrepreneurs with such titles as Market Architect or Market Innovation Director instead of functional positions like Market Manager?

- From a corporate development perspective the core business has access to more knowledge, experience, process capabilities, and information for creating new product – services and process value and business models
- The person who configures and builds is different from the person who takes something new and then rolls it out to market or organization
- With an over abundance of external and internal assets available to business, management needs to find people with the talent to find relationships between unrelated market / technology events, organizations, and assets
- The Market Architect would scan the supply chain, organization, and market, collect information on significant events or assets and abstract resources into existing or emerging products, platforms, and processes and position each new model across the organization and market space showing its various relationships and impacts to business and its market space.

Creating a Market Architect or Market Innovation Director position generates an opportunity for the business to increase organizational value and strengthen their market position. Establishing a Market Development Organization/Business Innovation Office represents another step for increasing IT organizational value and achievement while becoming more focused on creating new customer and market value. IT becomes more entrepreneurial.

Among the benefits of shifting to a Market Architecture format is it enables management to think “outside the market” and develop more comprehensive value chains. One of the possible value chain outcomes is developing a Customer Pathway. A Customer Pathway is bi-lateral relationship evolving from the acquisition of a new product – service between a seller and a buyer. A Customer Pathway occurs as frequent connections or engagements between the seller and buyer vice versa are happening. A Customer Pathway enhances the relational development experience between the seller and buyer because of role reversal.

A Customer Pathway is best illustrated in the previous case study involving the financial services firm. As mention the financial services firm’s Introduction to Consumer Financing program was designed to assist new graduates from vocational schools and new trade union members. Program intend was introducing best life – financial management practices for optimal financial – life living. With further development the financial services company could offer this program as a branded product to big box stores who as part of their mission statement / market plan wanted to develop a Customer for Life program. The Customer for Life program could also be viewed as being as extension of each big box store’s market development strategy. Big Box stores would offer this program to new consumers interested in protecting their long-term financial integrity.

By making efforts to protect customers from making undisciplined purchases big box stores create goodwill with their customers and the market – place. Customers who frequent a given big box store are introduced to a more advanced Introduction to Consumer Financing and make contact with the financial services company for more program details. Customers who did business with the financial services company and enrolled in the Introduction to Consumer Financing are introduced to local big box stores and other consumer retail organizations practicing life – financial management practices.

Establishing the Process Infrastructure for IT Entrepreneurialism

One of the means for establishing an innovation entrepreneurial culture is the introduction of Enterprise Scorecards. Enterprise Scorecards identify project opportunities; evaluate critical success factors and their critical value activities, the skill gaps and kinds of new positions necessary to drive innovation and entrepreneurialism. More importantly the scorecards enable IT to define the process infrastructure required for sustainable innovation and entrepreneurialism.

The Enterprise Scorecard reveals gaps and opportunities within the core business and extended supply chain and the kinds of skills to meet competency expectations. Scorecards as well identify the kinds of collaborative, managerial, platform, process requirements and skills needed for architecting and managing any given business model and their market opportunities. Obtaining this information IT and internal partner are situated to identify new functional positions, their responsibilities, and reporting structure. Approaching entrepreneurialism from a

global perspective IT transitions itself as a more strategic organization and enabler of sustainable innovation and market building.

As an example, in the marketing organization you have marketing and product managers focused in market development, product development / management, and customer acquisition. However there is an increasing amount of new resources and process infrastructure capabilities available to marketing to drive new customer acquisition and product development – service creation. These resources are changing the context of marketing in terms in how new markets and products are defined and developed. Social Media is one such example. However, most marketing and business development professionals have not acclimated themselves to these new resources and capabilities. IT teaming with Marketing and other internal organizations can begin developing and integrating resources and capabilities to influence value creation.

Besides becoming more cognitive of the need to understand current business models, IT also needs to develop compelling reasons for professionals to partner with their organization. This reality requires IT take a more active role in understanding organizational strategy and culture. IT becomes the corporate messenger to the core business. IT needs to become the conduit for change management. Because of this emerging dynamic, IT must find business partners who are adept at responding to new corporate initiatives with adaptable business models and an understanding of real world economics. IT with its internal / external partners must think strategically in terms of how to address market requirements and respond tactically with the right models and processes.

Finding Entrepreneurs and Internal / External Resources

Among the foundation blocks for ensuring a successful transition to more entrepreneurial driven business is the need for effective acquisition of resources and aligning these assets into the value chain. One challenge is when IT needs to secure resources and lacks the process and human infrastructure for effectively delivering resources to each business unit. To effectively address this initiative IT needs to reexamine resource acquisition under the context of second generation supply chain management. Adapting to supply chain management begins with incorporating the following mindset in their organizational culture:



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- Because entrepreneurial initiatives are more comprehensive, resource alignment is going to become more prevalent and there will be need for IT to manage this adaption process,
- One of the emerging trends is second generation supply chain practices and leveraging multiple partners to drive product development – service creation. This is significant for organizations launching new corporate entrepreneurial initiatives and a very critical success factor,
- Corporate value chains are more prevalent in supporting product markets. This business model requires IT to begin defining requirements from a value chain perspective,
- IT needs to become more familiar with various current and emerging technologies impacting business value creation. The business models derived from these technologies will shift the competitive landscape
- Supply Chain Management requires the utilization comprehensive process models and technology that make delivery of new resources seamless. IT organizations will recognize the need for supply chain strategy.

Conclusion

IT is constantly being challenged to establish and maintain its strategic position with corporate leadership. One method for achieving sustainable respect is introducing game changing strategies to influence market and revenue growth for the CEO. Introducing unique practices such as identifying new sources for revenue creation, developing Business Innovation organizations, utilizing Enterprise Scorecards, and hiring or contracting professionals with Entrepreneurial / Innovation backgrounds are possible approaches for addressing corporate entrepreneurial initiatives.

The competencies required for starting Market Architecture/IT Entrepreneurial effort are similar to those of an enterprise software initiative. These activities include business case rationalization, value chain impact analysis, business process definition, and business and data analysis. In getting started, one of the key points to remember is beginning with a small project. Project accomplishment becomes more realistic. Properly organized, a successfully implemented entrepreneurial initiative positions IT to influence value creation and market growth for the core business while improving industry and financial position.

Utilizing any of the suggested approaches might be considered laborious activities yet the value of developing new practices for acquiring new capabilities and market/corporate insight from such pursuits should not be lost. The abstraction value often leads to new discoveries and facts about the business, customer, and market-place. Ultimately leading an entrepreneurial initiative can be one of differences in helping the core business become a leading organization in its industry. The effort also provides a career boost for those driving the effort.

With the variety of dynamics occurring in business and technology along with access to existing resources, it is a great time to be in IT. IT must create an opportunity to help the business in becoming more entrepreneurial. IT needs to acknowledge this fact and begin preparing a process oriented human infrastructure strategy to enable the business to become entrepreneurial. From a corporate development perspective, most Chief Executive Officers already have stated the need to grow the top line. Offering new approaches to the CEO strengthens IT and positions IT as a game changer.

Creating a growing, sustainable organization requires entrepreneurs. It's a position commanding corporate and market awareness while also having the process and technology integration skills to implement new business models and products – services. Therefore IT and management need to realize the significance of entrepreneurialism and the impact of this strategy on the business and its customers. IT entrepreneurialism becomes a new fixture for management in their efforts to substantiate their competitive position, effect market landscape, and drive new revenue growth.

David Soley's Executive Summary

David has 22 years of business consulting experience in Market Development Management, Corporate Strategy, Enterprise Innovation, IT, Supply Chain, Business Model Design, and Value Chains. Industry experience includes successful Fortune 2000 engagements in manufacturing, health care, financial services, high technology, and business services. David's specialty is providing business advisory services in the area of Market Development Management, Revenue Growth, Product Development & Services Creation, and Business Model Innovation. David can be reached at davidrsoley@gmail.com